

Message Text

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ACTION EA-09

INFO OCT-01 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02
USIA-06 AGRE-00 AID-05 CIAE-00 COME-00 EB-07 INR-07
LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01
CEA-01 /071 W
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R 210840Z DEC 76
FM AMEMBASSY JAKARTA
TO SECSTATE WSHDC 8353
INFO AMEMBASSY BANGKOK
AMEMBASSY COLUMBO
AMEMBASSY KUALA LAMPUR
AMEMBASSY SINGAPORE
USMISSION GENEVA

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E.O. 11652: NA
TAGS: UNCTAD , EPAP, ANRPC, ID
SUBJECT: UNCTAD MEETING ON RUBBER

REF: STATE 301160

1 SUMMARY: GOI STATES ANRPC WILL SEEK FINANCING FOR
RUBBER BUFFER STOCK FROM CONSUMERS, BUT PROBABLY NOT AS
EARLY AS JANUARY UNCTAD MEETINGS. INDONESIANS WILLING
TO ACCEPT IRSG IN SUPPORTIVE ROLE BUT REMAIN UNCONVINCED
THAT IT SHOULD HAVE THE LEAD IN CARRYING OUT UNCTAD
MANDATE TO EXAMINE RUBBER QUESTIONS. END SUMMARY.

2. IN ABSENCE FROM JAKARTA OF SEVERAL MORE SENIOR
OFFICIALS EMBOFF MET DECEMBER 16 WITH DR. ALGAMAR,
DIRECTOR OF STANDARDS AT DEPARTMENT OF TRADE, WHO WAS
DEPUTY CHIEF OF GOI OFFICIAL LEVEL DELEGATION AT RECENT
ANRPC ASSEMBLY. ALGAMAR SAID GOI'S OPTIMISM ABOUT
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DEMAND FOR NATURAL RUBBER IN THE MEDIUM TO LONG TERM
IS TEMPERED BY FEAR THAT DOWNWARD PRICE FLUCTUATIONS
COULD NEGATE BENEFICIAL EFFECTS OF STRONG DEMAND. IT
THEREFORE IS ANXIOUS TO SET UP BUFFER STOCK MACHINERY
QUICKLY EVEN IF THERE IS NO APPARENT NEED FOR IT IN
THE FORESEEABLE FUTURE. ALGAMAR SAID THERE WAS GENERAL

AGREEMENT AMONG ANRPC MEMBERS THAT BUFFER STOCK SHOULD BE 10 PERCENT OF ANNUAL DEMAND, CURRENTLY ABOUT 3.5 MILLION TONS. PROPOSED BUFFER STOCK HAD BEEN LIMITED TO 100,000 TONS BECAUSE THIS WAS THE MOST ANRPC COULD AFFORD TO FINANCE. HE SAID GOI AND ITS ANRPC COLLEAGUES WOULD BE SEEKING FINANCING FOR THE 250,000 TONS ABOVE THAT WHICH THEY ARE PLEDGED TO FINANCE FOR THIS THEY WILL TURN TO CONSUMERS AND/OR UNCTAD IF POSSIBLE. HOWEVER, ALTHOUGH ANRPC PRICE STABILIZATION AGREEMENT AND WORKING PAPER WILL BE TABLED DURING JANUARY MEETINGS. ALGAMAR DOUBTED ANRPC PLANNING ON SPECIFICS OF CONSUMER PARTICIPATION WAS SUFFICIENTLY ADVANCED TO PERMIT MORE THAN A GENERAL APPROACH TO CONSUMERS AS EARLY AS JANUARY.

3. ALGAMAR DECLINED TO DISCUSS POSSIBLE PRICE BANDS, BUT DID SAY SUBJECT WOULD BE TACKLED AT FIRST SESSION OF INTERNATIONAL RUBBER COUNCIL, WHICH HE SAID COULD TAKE PLACE AS EARLY AS MARCH. HE EXPRESSED BELIEF THAT GOI WOULD HAVE NO TROUBLE ENFORCING SUPPLY REATIONALIZATION PROGRAM (CITING MALAYSIA'S EARLIER SUCCESS), BUT LEFT EMBOFF WITH IMPRESSION THAT GOI HAD NOT GIVEN MUCH THOUGHT TO THE DETAILS OF SUCH AN ACTION.

4. IN RESPONSE TO EMBOFF QUESTION RE IRSG ROLE, ALGAMAR (WHO HAS ATTENDED EVERY IRSG ANNUAL MEETING SINCE 1969) OPINED THAT IT COULD BE AN "INFORMATION AGENT" FOR A WORKING GROUP DESIGNATED BY UNCTAD TO CONSIDER VARIOUS ASPECTS OF THE RUBBER MARKET, BUT THAT THE IRSG ITSELF SHOULD NOT BE THAT BODY. HE SAID THIS OPINION IS NOT LIMITED OFFICIAL USE

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BASED ON A PERCEPTION OF THE IRSG AS PRO-CONSUMER OR ANTI-PRODUCER, BUT ON HIS BELIEF THAT IRSG WITH "ONE SECGEN, ONE STATISTICIAN AND 2 OR 3 ADMIN TYPES" IS SIMPLY INCAPABLE OF SOLVING RUBBER PROBLESM ITSELF. IRSG WOULD BE NO DIFFERENT FROM ANY OTHER BODY DESIGNATED BY UNCTAD TO STUDY RUBBER QUESTIONS IN THAT IT WOULD NEED A CONSIDERABLE INFUSTION OF PERSONNEL TO DO THE JOB. THUS, HE BELIEVES A TIDIER SOLUTION WOULD BE FOR UNCTAD SIMPLY TO START FROM SCRATCH. (COMMENT: ARGUMENT FOR STARING FROM SCRATCH DESPITE EXISTENCE OF ORGANIZATION WITH CONSIDERABLE EXPERTISE MAKES SENSE ONLY IF EXISTING ORGANIZATION IS VIEWED WITH SUPICION. IT IS INCREASINGLY APPARENT THAT GOI DOES NOT WANT IRSG IN PIVOTAL ROLE, ALTHOUGH IT IS PREPARED TO SEE IT PERFORM A SUPPORTIVE FUNCTION. END COMMENT)

5. IN CONVERSATION PREVIOUS DAY WITH AMBASSADOR AND ECON COUNSELOR, MINTRADE PRAWIRO SAID METHODS OF

"BRIDGING" PROBLEMS BETWEEN PRODUCERS AND CONSUMERS OF NATURAL RUBBER IN UNCTAD CONTEXT WERE BEING STUDIED. HE WAS NON-COMMITTAL ON IRSG ROLE.

6. INDONESIAN ASSOCIATION OF NATURAL RUBBER PRODUCERS (GAPKINDO) BELIEVES PRICE STABILIZATION AGREEMENT WILL BE OF GREAT BENEFIT TO THE ESTIMATED TEN MILLION PERSONS, MOSTLY SMALLHOLDERS, ASSOCIATED WITH PRODUCTION OF INDONESIAN RUBBER GAPKINDO EXECUTIVE SECRETARY TANUGRAHA TOLD EMBOFF DECEMBER 20 THAT FOLLOWING A PERIOD OF OFFICIAL DISINTEREST IN RUBBER GOI HAD SINCE EARLY 1976 BEEN PUTTING FORTH MAXIMUM EFFORTS ON BEHALF OF RUBBER INDUSTRY. TANUGRAHA ADMITTED THAT GOI WOULD BE UNABLE TO ENFORCE SUPPLY RATIONALIZATION SCHEME ON SMALLHOLDERS BUT SAID ESTATE PRODUCTION (22 PERCENT OF TOTAL COULD BE CONTROLLED).

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